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To: All Local Office Directors, Dept. of Child Services
All Presidents, County Council
All County Auditors

From: James W. Payne, Director
Department of Child Services (DCS)

Date: December 1, 2008

Subject: Implementation of PL 146-2008

INTRODUCTION: This document presents the changes made in Public Law 146-2008 that effect the County Family and Children's Fund, County Family and Children's Trust Clearance Fund and the Children's Psychiatric Residential Treatment Services Fund.

FAMILY & CHILDREN FUND Effective January 1, 2009

Each county is obligated to pay for services delivered before January 1, 2009 that would have been payable from the county's family and children fund if IC 12-19-7 had not been repealed.

- Information on budgets, expenditures and revenue will continue to be captured for each of the 92 counties
- Federal Reimbursements - will be distributed based on payer of the claim. Counties could and most likely will receive federal reimbursements after December 31.



Protecting our children, families and future

- Repayments – processing of repayments to the county will continue through January 31st.

County responsible for services provided prior to January 1, 2009

HB1001 Section 823 (c) Notwithstanding the repeal of IC 12-19-7 by this act, a county's obligation to pay for the following services delivered before January 1, 2009, is not terminated:

- (1) Child services (as defined in IC 12-19-7-1 (as effective before its repeal)).
- (2) Other services described in IC 31-40-1-2 (as effective December 31, 2008)
- (e) to meet obligations a county may impose a property tax levy for an assessment date after January 15, 2008, for the county's debt service fund that is sufficient to pay the principal, interest, and other costs of loans and bond obligations transferred under this subsection.

Any remaining balance in the family and children's fund on December 31, 2008 is to be retained by the county to pay any outstanding 2008 obligations no later than thirty (30) days from the county's final 2008 tax settlement.

In order to ensure that appropriate funds are available to pay for all services prior to close of the county family & children fund, DCS has estimated the anticipated expenditures and revenue for the fund through December 31, 2008. For some counties there will be enough funds to pay for the required services, for some there will be surplus funds, and a few will experience a shortfall in the fund. Many counties will require an additional appropriation, even when in some cases enough funding is available.

Because many of the services will not be billed until after December 31, 2008, it will be necessary for most counties to request an additional appropriation. Some counties may be able to encumber a portion of the 2008 approved appropriations. Following are the guidelines to encumber 2008 appropriations:

Encumbrances

- Encumber 2008 appropriations needed to pay invoices received prior to December 31, 2008
- Appropriations may be carried forward to the following year if any of the following exist:
 - A lawful contract has been entered into with a vendor or contractor on or before December 31st and all or part of the contract has not been paid.
 - A purchase order has been issued on or before December 31st, entered as an existing appropriation, and is unpaid as of December 31st.

If an additional appropriation is necessary, DCS Local Office staff will fill out all required paperwork and submit it to the County Auditor. All appropriate paperwork should be submitted to the County Auditor prior to December 31, 2008. Because the additional appropriation process can take from 60-90 days, we are recommending these are done as soon as possible.

For those counties with an anticipated shortfall an appeal for a short term loan was requested of the County Council. Counties can choose to cover the shortfall through some other mechanism to avoid the short term loan. However, the Department of Child Services will continue the loan process until funding can be confirmed. The following may be utilized to pay a deficit or shortfall:

1. Levy Excess Fund. A unit may not spend any money in its levy excess fund until the expenditure has been included in a budget that has been approved by the DLGF, or submitted to the DLGF as an additional appropriation. IC 6-1.1-18-5. A unit may use money in its levy excess fund for any lawful purpose for which money in any of its other funds may be used. IC 6-1.1-18.5-17.
2. Other Allowable Fund. Any other allowable fund (e.g., county general fund, etc...) may be used to pay a deficit or shortfall in the family and children's fund or CPRTS fund.
3. Debt Service Fund. A county may impose a property tax levy in 2009 for the county debt service fund to pay any shortfall in revenue from the county family and children's fund (before its repeal) and the CPRTS fund (before its repeal) needed to pay its obligations. However, this levy may only be imposed after the county applies any unencumbered balance on December 31, 2008; and the application of the proceeds of bonds and loans issued or entered into under the county welfare and CPRTS fund statutes. HEA 1001 (P.L. 146-2008), Sec. 823-Sec. 824.

The fund will be closed the earlier of April 1, 2009 or 30 days after receipt of the final tax distribution. The County Family & Children fund balances at that time will be transferred to the Levy Excess Fund. **Section 823 (non code)**

The authority to impose a property tax levy for either the Family & Children Fund has been removed. **Section 823 (non code)**

This section also appropriates to the Department of Child Services amounts from the state general fund to pay for:

- (1) child services (as defined in 31-9-2-17.8 delivered after Dec. 31, 2008;.
- (2) other services that are provided by DCS to or for the benefit of children and that are delivered after December 31, 2008. **Section 823 (non code)**

FAMILY AND CHILDREN TRUST CLEARANCE FUND Effective Jan. 1, 2009

(a) Money in a county family and children trust clearance fund established under IC 12-19-1-16 (as effective Dec. 31, 2008) on Dec. 31, 2008, that is required to be administered in a child trust clearance account established by IC 31-25-2-20.2, as added by this act, shall be transferred to the child trust clearance account. **Section 825 (non code)**

Ending Remaining Balances

- Any remaining balance in the County Family and Children Trust Clearance Fund shall be deposited into the state's child trust clearance account.
- The transfer of any remaining balances will be initiated by Central Office in writing to the local DCS office no later than March 1, 2009.
- Local DCS offices will file a claim with the county auditor in favor of the "Treasurer, State of Indiana" and forward to Central Office.
- Balances in the state child trust clearance account will be tracked by individual account, adoption fee account and donation account for each local office.

CHILDREN'S PSYCHIATRIC RESIDENTIAL TREATMENT SERVICES FUND (CPRTS) Effective January 1, 2009

Each county is obligated to pay for services delivered before January 1, 2009 that would have been payable from the county's children's psychiatric residential treatment services fund if IC 12-19-7 had not been repealed.

County responsible for services provided prior to January 1, 2009

HB1001 Section 824 (c) Notwithstanding the repeal of IC 12-19-7.5 by this act, a county's obligation to pay for the following services delivered before January 1, 2009, is not terminated:

- (1) CPRTS (as defined in IC 12-19-7.5-1 (as effective before its repeal)).
- (2) Other services described in IC 31-40-1-2 (as effective December 31, 2008)

(e) to meet obligations a county may impose a property tax levy for an assessment date after January 15, 2008, for the county's debt service fund that is sufficient to pay the principal, interest, and other costs of loans and bond obligations transferred under this subsection.

Any remaining balance in the children's psychiatric residential treatment services fund on December 31, 2008 is to be retained by the county to pay any outstanding 2008 obligations no later than thirty (30) days from the county's final 2008 tax settlement.

In order to ensure that appropriate funds are available to pay for all services prior to close of the county children's psychiatric residential treatment services fund, DCS has estimated the anticipated expenditures and revenue for the fund through December 31, 2008. For some counties there will be enough funds to pay for the required services, for some there will be surplus funds, and a few will experience a shortfall in the fund. Many counties will require an additional appropriation, even when in some cases enough funding is available.

Because many of the services will not be billed until after December 31, 2008, it will be necessary for most counties to request an additional appropriation. Some counties may be able to encumber a portion of the 2008 approved appropriations. Following are the guidelines to encumber 2008 appropriations:

Encumbrances

- Encumber 2008 appropriations needed to pay invoices received prior to December 31, 2008
- Appropriations may be carried forward to the following year if any of the following exist:
 - A lawful contract has been entered into with a vendor or contractor on or before December 31st and all or part of the contract has not been paid.
 - A purchase order has been issued on or before December 31st, entered as an existing appropriation, and is unpaid as of December 31st.

If an additional appropriation is necessary, DCS Local Office staff will fill out all required paperwork and submit it to the County Auditor. All appropriate paperwork should be submitted to the County Auditor prior to December 31, 2008. Because the additional appropriation process can take from 60-90 days, we are recommending these are done as soon as possible.

For those counties with an anticipated shortfall an appeal for a short term loan was requested of the County Council. Counties can choose to cover the shortfall through some other mechanism to avoid the short term loan. However, the Department of Child Services will continue the loan process until funding can be confirmed. The following may be utilized to pay a deficit or shortfall:

4. Levy Excess Fund. A unit may not spend any money in its levy excess fund until the expenditure has been included in a budget that has been approved by the DLGF, or submitted to the DLGF as an additional appropriation. IC 6-1.1-18-5. A unit may use money in its levy excess fund for any lawful purpose for which money in any of its other funds may be used. IC 6-1.1-18.5-17.
5. Other Allowable Fund. Any other allowable fund (e.g., county general fund, etc...) may be used to pay a deficit or shortfall in the family and children's fund or CPRTS fund.

6. Debt Service Fund. A county may impose a property tax levy in 2009 for the county debt service fund to pay any shortfall in revenue from the county family and children's fund (before its repeal) and the CPRTS fund (before its repeal) needed to pay its obligations. However, this levy may only be imposed after the county applies any unencumbered balance on December 31, 2008; and the application of the proceeds of bonds and loans issued or entered into under the county welfare and CPRTS fund statutes. HEA 1001 (P.L. 146-2008), Sec. 823-Sec. 824.

The fund will be closed the earlier of April 1, 2009 or 30 days after receipt of the final tax distribution. The County Children's Psychiatric Residential Treatment Services fund balances at that time will be transferred to the Levy Excess Fund. **Section 824 (non code)**

The authority to impose a property tax levy for the CPRTS Fund has been removed. **Section 824 (non code)**

This section also appropriates to the Family and Social Services Administration amounts from the state general fund to pay for:

- (1) CPRTS (as defined in IC 12-19-7.5-1 (as effective before its repeal)).
- (2) Other services described in IC 31-40-1-2 (as effective Dec. 31, 2008)

Section 824 (non code)

POTENTIAL CONTINUED COUNTY RESPONSIBILITY (after Dec. 31, 2008)

1. Payment of the cost of services provided after the date of the final decision by the appellate court of the disputed juvenile court's order
 - o HB 1001 Section 579 (IC 31-34-4-7)
 - o HB 1001 Section 623 (IC 31-37-5-8)
 - o HB 1001 Section 646 (IC 31-37-18-9)
2. Payment of any costs of secure detention, except as provided in IC 31-40-1-2.5.
3. Payment of any costs or expenses for child services for a child if the juvenile court has not entered the required findings and conclusions and DCS has determined that the child otherwise meets the eligibility requirements for assistance under Title IV-E of the federal Social Security Act (42 U.S.C. 670 et seq.) HB 1001 Section 665 IC 31-40-1-2.
5. Payment of any costs or expenses of child services if the probation officer did not submit to DCS the information relating to determination of eligibility of the child for assistance under Title IV-E of the Social Security Act (42 U.S.C. 670 et seq.), as required by IC 31-37-17-1(a)(3). HB 1001 Section 665 IC 31-40-1-2
6. Payment of any costs of juvenile court ordered services, programs or placements that:

- o are not eligible for federal assistance under either Title IV-B of the federal Social Security Act (42 U.S.C. 620 et seq.) or Title IV-E of the federal Social Security Act (42 U.S.C. 670 et seq.); and
- o have not been recommended or approved by DCS.

HB 1001 Section 665 IC 31-40-1-2

7. Payment of any costs or expenses for housing or services provided to or for the benefit of a child placed by a juvenile court in a home or facility located outside Indiana, if the placement does not comply with the conditions stated in IC 31-34-20-1(b) or IC 31-37-19-3(b).

Notification to County Auditor's office for state ineligible payment of services

- Notification form will be used to identify:
which child(ren) the county will be responsible for
who the assigned family case manager or probation officer is
which of the 6 reasons makes the county responsible for the payment
- The fiscal staff will ensure that the form is properly filled out prior to sending to the County Auditor's office
- The fiscal staff will be responsible for notifying the County Auditor's office when a child's placement or service will not be paid by the state at the earliest possible moment.

DCS Fiscal staff will prepare claim voucher and forward to County Auditor's office for county payment to provider

- Just as today each DCS local office's fiscal staff will continue to process any claims that are the responsibility of the county to pay.
- Should reduce confusion for the vendors of services. They will know where all invoices should be sent.
- The original vendor invoice will be forwarded to the county auditor along with any other appropriate documentation

If you have any questions or concerns please contact Mary Edmonds at Mary.Edmonds@dcs.in.gov or 317-232-4758.

Cc: John Ryan
DCS Regional Managers
Tim Rushenberg
Debra Gibson
All Juvenile Court Judges

Celia Leaird
Mike Ashley
Tammy White
David Bottoroff

